



Market situation: China.

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1 MARKET SITUATION AND OUTLOOK.

1.1 Economic Situation

The annual meeting of the National People's Congress (NPC) was held March 5-15, 2018. The Chinese premier's report outlines the government's official assessment of progress in the previous year and sets out plans and targets for 2019. Chinese leaders are expected to declare an annual economic growth target of about 6-6.5 percent, among the world's strongest though slower than last year's 6.6 percent expansion. This year is the 70th anniversary of the founding of the People's Republic of China. It will be a crucial year for China as it endeavors to achieve the first Centenary Goal of building a moderately prosperous society in all respects.

US-China Trade War starts from 2018 and becomes more and more fiercely. It affects export / import related trade industry and there's no sign it will be stopped soon. The conflicts between US and China is still going on.

Fiscal deficit projection remains unchanged at the same 3% of GDP target compared with 2.6% in 2018.

1.2 Situation of the Meeting & Wedding Industry & Trends.

MICE:

Chinese economic sectors continue to show much higher figures than elsewhere in the world. The MICE industry has been growing over the past few decades into a mature business sector, driven by globalization and an increase in cross-border trade. Particularly in the Chinese culture, businesses cannot function in a fully effective way without face-to-face meetings between the parties involved. More and more companies now understand that meetings, conferences and exhibitions are an indispensable means of communicating their business messages, increasing sales and business development in China. With the strengthening of China's economic powerbase, companies from all over the world are not just buying from China, they are also selling to China's 1.3 billion people. As a matter of fact, China is expected to over take the USA to become the world's largest Business Travel Spend nation within the next couple of years.

China has been the most developed tourist market for many other destinations. In the business travel sector, the mainland market has also enjoyed very rapid growth: its performance in the MICE industry is outstanding. More and more destinations are promoting themselves to take advantage of the growing tourism demand from China.



The visa issue is always a major challenge for Chinese travellers and MICE organizers. Increasingly more destinations had made great efforts to make the process of obtaining a visa for Chinese business visitors more convenient and flexible. However, biometric passports make it even harder for travellers to apply for visas. It has and will continue to have a strong affect to some of the clients to choose Schengen countries as their incentives destinations. Especially in 2nd or 3rd tier cities in China, there is no VACs in any 3rd tier cities in China, only some VACs in 2nd tier cities, but China is huge, clients need to travel to nearest VAC for visa applications, it is quite inconvenience for them because travel time could be up to 3 hours by flight. However, the record of finger printer will be kept for 59 months throughout Schengen countries' visa system. That means once you did biometry, you don't need to do it again for coming 59 months if your record was successfully stored in system. So overall, the 1st tier cities are essential for our business in the coming year. And some of Schengen countries provide very flexible long-term visa expiry dates. Except for Schengen countries, some popular MICE destinations provide E-visa or visa-free policy to appeal to clients. Like UAE, Japan, South Africa, Australia and Thailand. Due to intense political situation with USA, the visa refusal percentage of USA is increasing. Due to political issue, Canada becomes less popular this year. For some destinations, in order to appeal to more visitors, free visa or no-visa policy for Chinese citizens, like UAE, Thailand (until April 2020), Sri Lanka (from August 2019), Morocco and Serbia. Also, some MICE destinations have very clear & standard visa type / policy for MICE applicants, like document simplification etc.

Besides visa issues, terror attacks strongly affected MICE business in 2017 and many groups were cancelled by this issue. Due to safety consideration, corporate clients shifted destinations out of Middle Europe in 2017. From 2019, European destinations are recovering. The most popular MICE destinations in China this year are: Australia, Dubai, Thailand, Japan, Russia, Spain, France, Germany and the UK. For special case of Jeunesse Global, China market showed dramatically increasing in this year, it is the biggest incentive group worldwide to Europe now.

However, because of governmental policy, government delegations to overseas countries are still controlled by government. Compared with last year, the request slightly recovers.

industry-wise, the most requests from China market of 2019: Direct selling / WeChat Business industries, Insurance and Pharmaceuticals.

As a result, the prospects of MICE industry in China are still good for Switzerland in the future, but not so positive for 2020. Perhaps the market needs a short time to recover, especially economic issues, influence of direct selling industry. The main targeted clients slightly decreased their budget for incentives groups. But some new comers are increasing and growing incredibly.

Wedding:

Switzerland as an overseas wedding destination is new into the market. In the first year of activities 2019, we got some valuable contacts from our current trade database and we created a new network of specialized wedding planners, who SCIB headquarter met during Amour Forum in Vienna and the Destination Wedding Congress in Dubai. The overseas wedding market is developing since many years in China. In the past it was used to have couples joining group wedding trip, today the young generation prefers to



have private ceremonies for them and their families. Destination weddings from China have a size between 4 and 50 people.

As a long-haul wedding destination, Switzerland has still a lot of potential, especially in combination with honeymoon and pre-wedding shootings.

1.3 RFP situation in China

MICE:

The requests are mainly for incentive groups with a few small meetings or pre or post-convention tours. The number increased significantly from 2012 and will slightly decrease in 2016. From 2017, due to a number of large groups, our figures ultimately recovered again. In 2018, without big fishes, we quite stably increased number of requests, main requests are from 80 – 300 persons. They are quite comfortable size for our destinations. For 2019, the figure will be outstanding thanks to Jeunesse Global.

Wedding:

Three wedding ceremonies (group size between 2 and 60 people) have been confirmed in Switzerland thank to a cooperation with a selected travel agency. Switzerland was not considered as a wedding destination until now, but more as a leisure or business destination. Therefore, it is a new potential for China: we have to find the highlights for this segment and build up our wedding image.

1.4 Challenges

There are major challenges in the MICE sector:

- Continuation of anti-corruption policy: Chinese President Xi Jinping has made it his mission to stamp out corruption, which has been a big part of China's social and political life for decades. It still influences the market in 2018. President Xi emphasized the importance of science R&D.
- Meeting and incentives of state-owned companies, especially duration and destination of official programs abroad, are strictly controlled by supervisors, esp. this year.
- E-Commerce also has a strong impact on the traditional MICE business in China and affects the profit in MICE industries.
- The GlaxoSmithKline case influenced to the whole pharmaceutical industry and had a negative effect on the incentive travel market, no sign to show it will be recovered in the future and still strict for all policy.
- More competitors or destinations are focusing on MICE segments than before. We are not the only European destination to have support policy.
- 100-day Campaign led by China government kicked off from 8th of January 2019 and cracked down on illegal practices involving health products. Key targets were products and industries closely related to the everyday lives of people, as well as gadgets, clothing and household appliances that claim to have health benefits. Because the main products of direct selling and health industries are related and were heavily affected by 100-day Campaign at the beginning of year. All direct



selling companies kept pretty low profiles and less promotions for incentive targets, therefore, with a negative consequence of future MICE industry in China.

Challenges in the wedding industry:

- In order to meet the Chinese aesthetic needs, usually overseas wedding ceremonies are organized by local Chinese companies. Switzerland lacks of wedding related Chinese services and companies compared with some mature and developed destinations in Europe and Asia: wedding packages for Asian, Chinese photographers, Chinese florists and make-up artists. Therefore, usually the couple will let all service team travel from China to Switzerland making the wedding even more expensive.
- As a long-haul destination, travel to Switzerland is more expensive and takes longer time than Asian destinations. Also, participants have to apply for more complicated visa process compared with Asian destinations.

1.5 Trends

MICE:

- **The pharmaceuticals industry: budget cuts & strict policy**
The pharmaceuticals industry, which used to be a big market, is now facing stricter rules and laws to counter bribery. Influenced by the global recession, most firms have tighter budgets, fewer new products and longer research and development periods. As a result, the need for conference and business travel has decreased.
- **Requests with high quality clients, destinations diverse, travel season slightly changed.**
From the statistics of recent years, more and more requests for high-ending groups will consider Switzerland as long-haul MICE destinations. Destinations become more diverse than before. And for winter, we still have some requests for high-ending clients. We are trying to get more business during our low seasons for cities in winter.
- **Direct selling companies have troubles.**
100-day Champaign influences sales performance, meanwhile, from recent years, traditional direct selling companies are strongly affected by online WeChat Business model, so some of them cut their budget for incentives travel from last year.

Wedding:

- **Young generation changes wedding industry.**
Couples getting married are mainly 85s and 90s. They have more overseas travel experience or study abroad. These couples would like to have a unique wedding experience, for example travelling back to the country where they studied. Although traditional wedding ceremonies in China still exist, pre-wedding photo shootings, honeymoons and wedding ceremonies overseas are getting more popular, especially for first and second tier cities.
- **Anniversary and Remarriage.**
China's economy develops rapidly in the last ten years: older generations who married when they did not have money and could not afford honeymoon, are now



willing to “marry” again with their family and friends. This is an additional potential market for overseas wedding.

The divorce rate is increasing, and the remarried couples are potential clients for weddings abroad. They got married mostly the first time in China, and for second time, it is more acceptable to organize an overseas wedding. They usually have higher consumption power.

2 TARGETS.

- Maintain regular contacts with key MICE agents / Wedding planners
- Finding new potential clients through different channels (travel fairs, MICE agencies, wedding planners etc.)
- Sales calls to existing corporate clients
- Organize corporate clients event to approach them directly
- Give product training to MICE agents, corporate clients and wedding planners
- Closely follow up potential repeaters
- Continue to support client requests as well as partners

3 DETAILED MARKETING ACTIVITIES.

Further details of past, present and future marketing activities can be found on www.stnet, which can be accessed by using your personal username and password.